



Request for City Council Committee Action From the Department of Public Works

Date: December 4, 2012

To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee

Referral: Honorable Betsy Hodges, Chair Ways & Means/Budget Committee

Subject: **Nicollet Hotel Block**

Recommendation:

Authorize appropriate City officers to execute a Grant Agreement awarding \$3,420,573.54 to the Metropolitan Council for the purchase of the Gateway Facility and an Assignment and Assumption Agreement transferring all federal property interests currently in the Nicollet Hotel Block to the Metropolitan Council Gateway Facility. The source of funds is 7500-685 NTER. No additional appropriation is required.

Previous Directives:

N/A

Prepared by: Ben Hecker, Public Works Interagency Coordinator, 612-673-2283

Approved by:

Steven A. Kotke, P.E., City Engineer, Director of Public Works

Presenters: Steve Kotke

Reviews:	Permanent Review Committee (PRC):	Not Applicable
	Civil Rights Affirmative Action Plan:	Not Applicable
	Policy Review Group (PRG):	Not Applicable

Financial Impact

No additional appropriation is required. Funds are available in the Parking Fund and are restricted for transit-related expenses associated with the federal grant.

Community Impact

Neighborhood Notification: NA

City Goals:

- A City that Works – Strong partnerships with parks, schools, government, non-profits and private sector

Comprehensive Plan: NA

Zoning Code: NA

History

In 1992 the City of Minneapolis was awarded \$8 million in federal funds to purchase alternative fueled buses and construct a terminal and fueling facility for these buses. In 1993 the Nicollet Hotel Block, located at 30 South 3rd St., was acquired with \$2,570,000 of grant funds to serve as the bus terminal site. Approximately \$2,400,000 of the grant funds were used to purchase eight alternative fuel technology buses in 2003. The grant was updated in 2005 to eliminate the fueling facility component and specifically allow for a mixed-use of the block. Unfortunately, there was no development interest in shared-use with a bus terminal facility. \$3,148,620 in federal funds remained in the grant. In 2012, the FTA rescinded this remaining balance.

Proposed Action

Because the block was purchased using FTA funds, the block is encumbered by a federal interest that restricts its use to transit-related activities. In the interim, the block has been generating parking revenue. That revenue is, pursuant to federal regulation, considered federal program income and can only be used for transit related uses.

The City of Minneapolis and Metro Transit no longer require the Nicollet Hotel Block site for the specific transit purpose listed in the original grant. However the need for a replacement property for that purpose still exists. Metro Transit completed a two phase downtown layover study in 2011, working extensively with the City of Minneapolis and other local stakeholders to find an acceptable property for a bus layover facility consistent with the City's development goals for downtown and compatible with adjacent land uses. With guidance from this study, the City and Metro Transit identified the Gateway Parking Ramp as an acceptable location of a bus layover terminal.

The intent of this action is to secure sole ownership of the Nicollet Hotel Block, freeing it for alternative uses. In order to accomplish this, staff is requesting that the City award the program income of \$3,420,573.54 to the Metropolitan Council to aid in its purchase of the Gateway Parking Facility. In exchange, the Metropolitan Council will assume the federal property interest transferred from the Nicollet Hotel Block. This action will release the federal property interest in the site and the City will be the sole owner of the Nicollet Hotel Block.